

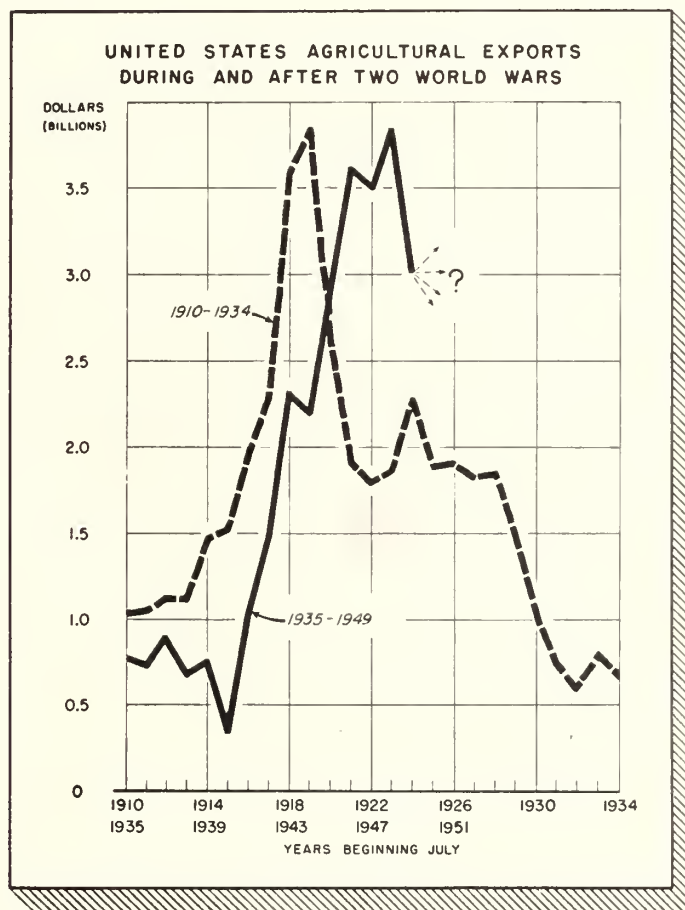
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3 AGRICULTURE'S STAKE IN FOREIGN MARKETS

I.

TRENDS IN UNITED STATES AGRICULTURAL EXPORTS



WASHINGTON, 25, D.C.

JANUARY 1951



The Department of Agriculture is now engaged in a special study evaluating the future prospects for our agricultural exports and the effect of government intervention on our agricultural trade. This project is being carried out under the Research and Marketing Act by the Office of Foreign Agricultural Relations and the Bureau of Agricultural Economics, with the cooperation of the Production and Marketing Administration.

The preliminary results of a background study are incorporated in this publication.

Additional studies will analyze the effects of the international economic policies of important countries on the markets abroad for United States agricultural commodities and provide data on the trends in the exports of principal agricultural products and on developments in competing producing areas and in major foreign markets.

In these studies an effort will also be made to evaluate the impact of recent events on the prospects for our agricultural exports.

AGRICULTURE'S SHARE IN FOREIGN TRADES

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Trends in United States Agricultural Exports

This chapter brings together basic statistics describing the trends, importance and nature of United States agricultural exports, and traces some of the broad economic forces which have influenced the export situation. It is designed to provide a general statistical and economic background for the study as a whole.

Four main topics are emphasized: (1) trends and fluctuations in volume and value of United States agricultural exports as a whole since 1865; (2) the economic importance of our agricultural exports; (3) the geographic distribution of these exports for selected years, 1899, 1909, 1929, and (4) their commodity composition during the same period.

Section 1. - Development and Trends of Volume and Value of United States Exports

The volume and value of agricultural exports from the United States by fiscal years (July-June) from 1865 to 1949 is shown in Chart I. The measure of volume is a quantity index with the average volume of exports during the calendar years 1914-19 as 100. The actual value of these exports in billions of dollars for the same years is shown in the same chart.

From the Civil War to the Turn of the Century - This was a period of steady and rapid expansion in our production and exports of agricultural products both of which were stimulated by rapid industrialization at home and abroad. In the year 1897-98 the total volume of exports was

- 1/ Changes in agricultural export prices are approximately indicated by the index of prices received by farmers because the composition of agricultural exports and farm production differs, and because there is a lag between the sales of commodities on the farm and their exportation.

There was a considerable recovery in total agricultural exports during the 4 years preceding the outbreak of World War I and the volume of exports recovered to a level about 22 percent below the peak reached in 1897.

Agricultural prices improved steadily from 1896 to the beginning of the war, and the value of agricultural exports in the year 1913/14 totaled 1.1 billion dollars compared with about 690 million in the year 1896/97.

World War I and the Early Postwar Period - In 1914/15, as demand from the Allies increased, the volume of agricultural exports rose sharply to a level 30 percent above the previous year and slightly in excess of the 1897 peak. In spite of a slight decline in farm prices, the value of exports in that year was approximately 32 percent higher than in 1913/14.

During the 3 subsequent years, there was a marked decline in export volume. It was followed by a tremendous surge in 1918, which brought the volume of exports to a new peak about 7 percent higher than that achieved in 1897. Exports declined again during the next two years as demand from Europe dropped and other overseas countries reentered the market. But our exports still remained considerably above prewar levels.

Prices rose steadily from the fall of 1915 through the spring of 1920. The value of agricultural exports more than tripled between 1913/14 and 1919/20, reaching a record level of nearly 3.9 billion dollars in the latter year. During the deflationary price slump that followed, that value contracted to about 1.9 billion dollars.

The Interwar Years. - From the end of the postwar decline in 1919 through the boom years of 1925-29, the volume of agricultural exports fluctuated rather erratically around a level about one-fifth below the wartime peak of 1918-19. A further severe contraction developed during the depression of the 1930's as foreign demand slumped and barriers were raised against imports by many of our leading customers. By the year 1934-35 the volume of exports was nearly 60 percent below the 1918 level and about 50 percent below the previous twentieth century low of 1909-10. Export volume recovered somewhat during the next 5 years, and in 1939-40 was over one-fourth larger than in 1934-35.

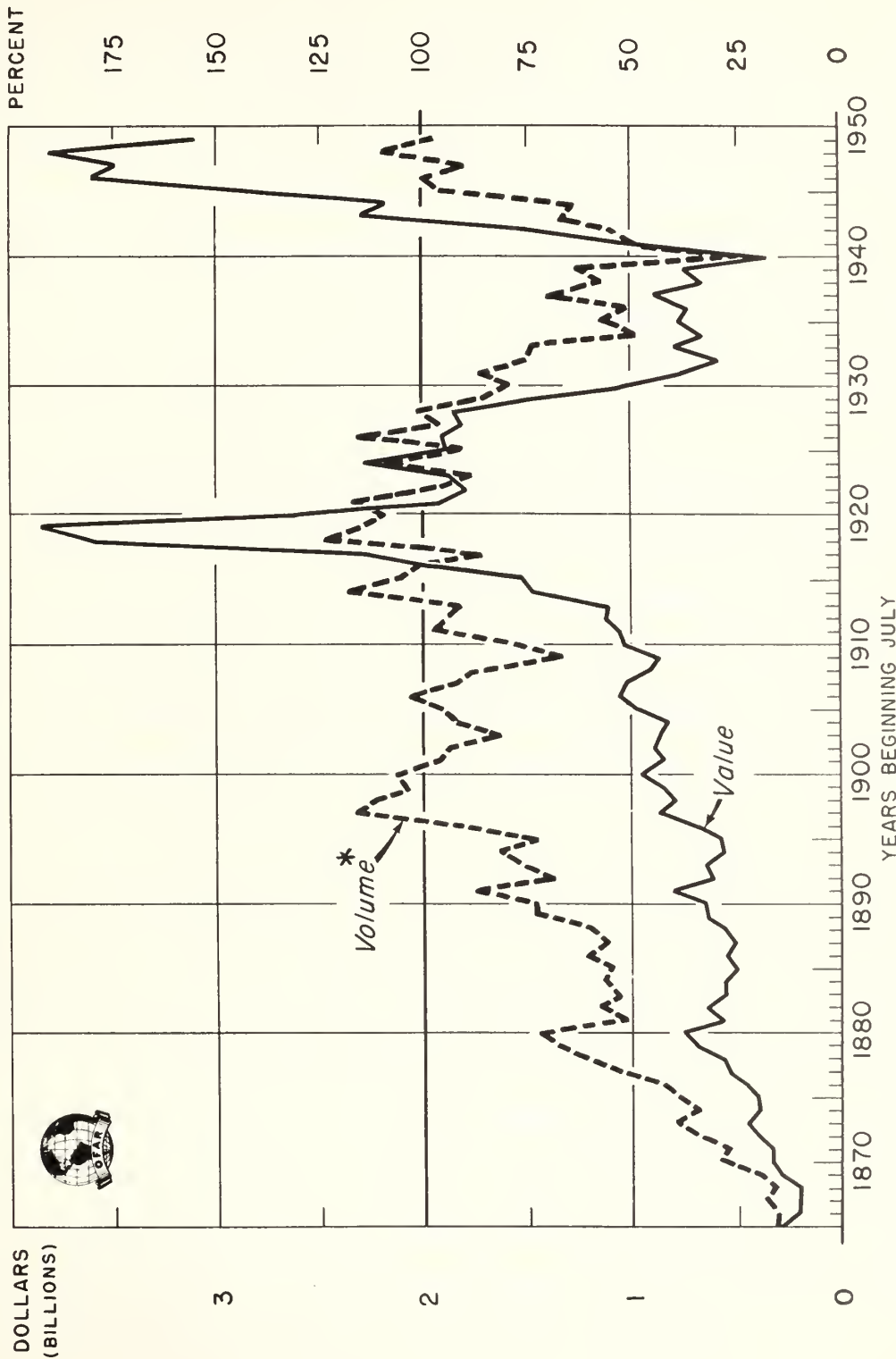
Prices received by farmers recovered appreciably after the inflation of 1920 and from about 1924 until the economic collapse of 1933 the value of agricultural exports was relatively stable, fluctuating slightly around an annual level of about 2 billion dollars. Prices declined drastically from 1930 into 1933, and from then to about the middle of 1934 they recovered appreciably. However, these movements in prices were approximately counter-balanced by movements in the volume of total agricultural exports, and from the year 1931-32 through 1933-34 the value of agricultural exports was again fairly stable at about three-quarters of a billion dollars annually. This, however, was substantially below the level characteristic of the years preceding World War I.

World War II. - The behavior of agricultural exports during World War II was somewhat similar to that during World War I but differed in degree.

The export volume collapsed in 1940-41 to a level of 16 percent below the prewar (1934-38) average and became the lowest on record since about 1879. This decline was more severe than that of 1917-18 when

VALUE AND VOLUME OF UNITED STATES AGRICULTURAL EXPORTS, 1865-1950

VOLUME INDEX NUMBERS - CALENDAR YEARS - 1924-29 = 100



* 1865-1923 - BASED ON 44 OF THE MOST IMPORTANT FARM PRODUCTS 1924-1949 - BASED ON 74 CLASSES OF AGRICULTURAL EXPORTS WHICH AMOUNTS TO 96 PERCENT OF THE TOTAL VALUE OF AGRICULTURAL EXPORTS DURING THE BASE PERIOD.

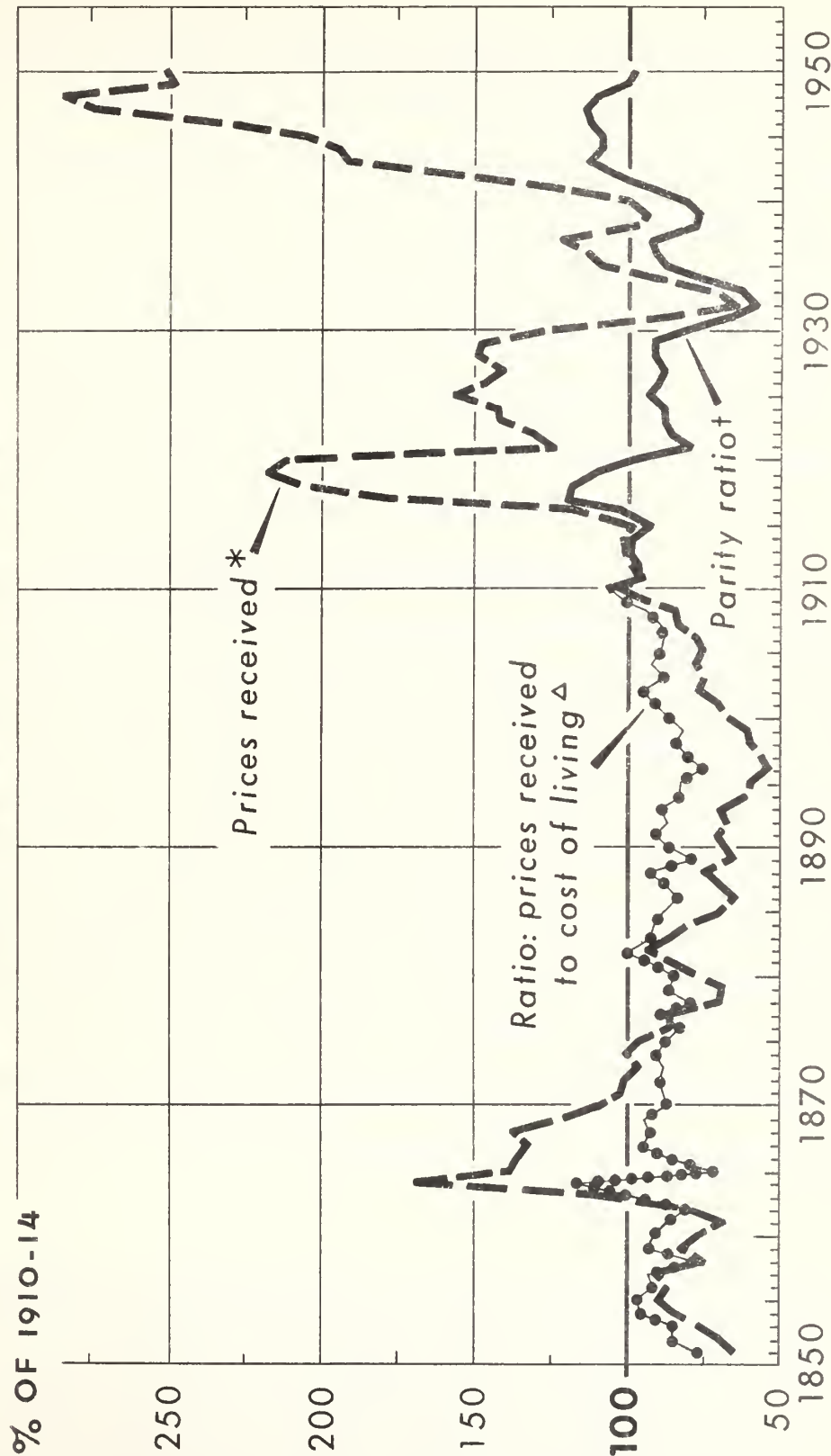
attributable to similar factors. Then after the abandonment of the cash and carry policy for exports and the adoption of Lend-Lease, the volume of agricultural exports gradually expanded. By 1945-46 it had increased to about four times the 1940-41 low. Even so, it amounted to only about three-fourths of the level attained in the year 1918-19.

Since prices received by farmers approximately doubled during the war periods, the value of exports at the end of World War II still fell short of the level reached at the end of World War I.

The Recent Postwar Period. - Primarily as a result of the emergency relief programs immediately following World War II and the subsequent aid to foreign countries under the Marshall Plan, military assistance to civilians in occupied areas, and related programs, the volume of agricultural exports averaged somewhat above the level reached at the end of the war. This contrasts with the decline in exports which followed rather closely the end of World War I.

As was the case after World War I, the last ^{was} period of inflation and the value of exports in the year 1942-49 totalled 3.8 billion dollars, approximately the same as in the year 1919-20. But, although prices received by farmers have declined appreciably from the postwar peak reached in January 1943, the price collapse of 1920-21 was not repeated. However a moderate contraction in volume and a 19 percent drop in prices caused the value of exports to decline from 3.8 billion dollars in 1948-49 to about 3 billion dollars in 1949-50 compared with less than 2 billion dollars by 1921-22.

PRICES FARMERS RECEIVE AND RATIO TO NONFARM PRICES SINCE 1851



* PETERSON'S SERIES, 1851-1909; BAE SERIES, 1910 TO DATE

Δ HANSEN'S COST-OF-LIVING SERIES, 1851-1909

† OFFICIAL BAE SERIES, 1910 TO DATE

Section 2. -- Importance of United States Agricultural Exports as a Whole

The data analyzed in this section indicate in broad terms the economic importance of our export trade in agricultural commodities. Attention is focused on the importance of foreign trade as a source of farm income; on changes in the importance of foreign trade as a source of farm income; on changes in the importance of the foreign markets relative to the domestic market; on the relation of agricultural exports to total exports from the United States; and on changes in the United States share of total world trade in agricultural products.

a. Agricultural exports and farm income

Some indication of the importance of foreign markets to American farmers may be obtained by examining the value of agricultural exports in relation to cash receipts from farm marketing. Chart 3 shows the value of these exports as a percentage of cash receipts from farm marketings on an annual basis since 1910. Since export prices are appreciably higher than those received by farmers, the ratio of exports to receipts is not a measure of the proportion of our annual agricultural production which is exported. If it were possible to express all export values in farm value equivalents, then the ratios could serve as a measure of this proportion, and would of course be somewhat lower than those shown in the chart.^{1/}

^{1/} Export values have not been converted to farm values regularly in detail but rough calculations made for some selected prewar years indicate that agricultural export prices tend to run from one-fourth to one-third above prices received by farmers. The difference is of course greater in the case of products exported in processed form (such as flour, canned meat, cheese and dry milk) than in that of products exported in raw form. Since during World War I and II processed livestock products constituted a much larger portion of our agricultural exports than in years of peace, the relative importance of agricultural exports appears overstated in Chart 3 for the war years.

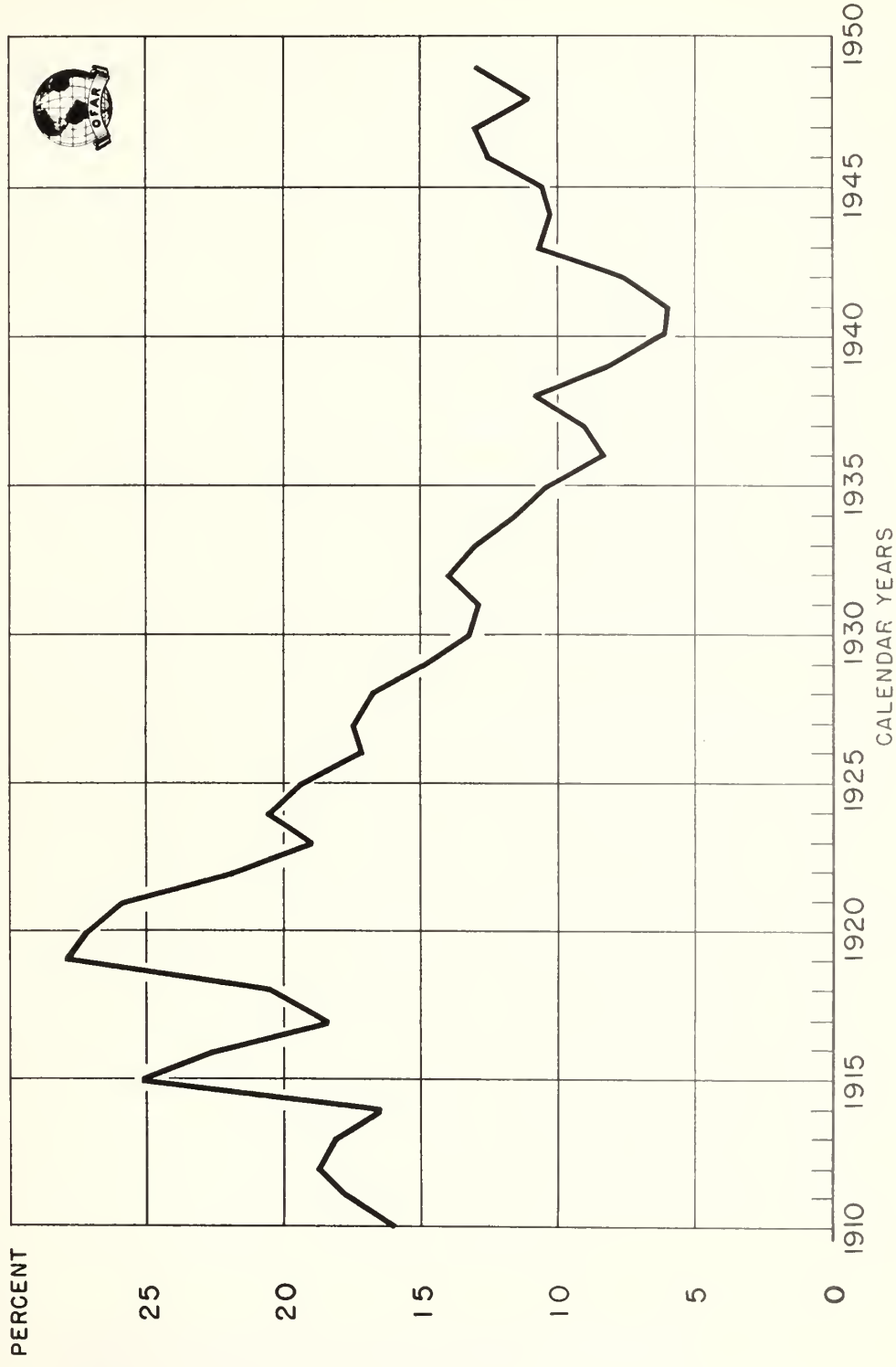
The ratio employed here indicates clearly that, for about 20 years after the end of World War I, there was a steady and pronounced decline in the foreign market relative to the domestic market as a source of income to American agriculture as a whole.

It needs to be emphasized, however, that the economic importance of exports to many American farmers is much greater than a first glance at the ratio chart might indicate. A number of important crops, notably cotton, tobacco and wheat, are highly dependent upon the export market, and the price elasticity for these commodities in the domestic market is such that a given reduction in exports characteristically results in a more than proportionate drop in prices received for the crop as a whole, whereas a given increase in exports will result in a more than proportionate increase in prices received. Furthermore, if export markets are lost with little prospect to regain them, domestic prices tend to become chronically distressed, and some of the resources devoted to the production of these export crops have to be shifted to other types of production. This tends to be a prolonged and painful process.

b. Relation of agricultural exports to total exports

Although the importance of agricultural exports to the United States farm economy has been declining only since the early part of the 20th century, the importance of agricultural exports in relation to total exports has been declining for about the last 70 years. However, this decline did not become pronounced until after 1890. This is shown in chart 4.

RATIO OF THE VALUE OF UNITED STATES AGRICULTURAL EXPORTS TO CASH RECEIPTS FROM FARM MARKETINGS, 1910-1949



From 1865 to 1880, about 60 percents of our total exports consisted of agricultural products, but by 1930 this ratio had fallen to about one-half. It declined still further in the interwar period, reaching a low during the late 1920's and in the middle and late 1930's. It reached an all-time low of only 9 percent in 1940-41, when the lowest level of agricultural exports experienced since about 1870 coincided with a 50 percent increase in nonagricultural exports. Under Lend-Lease, agricultural exports rose sharply and in 1945-46 they made up 15 percent of total exports, largely through the influence of postwar foreign aid programs, which have bolstered agricultural exports. Such exports have fluctuated around 10 percent of the total during recent years.

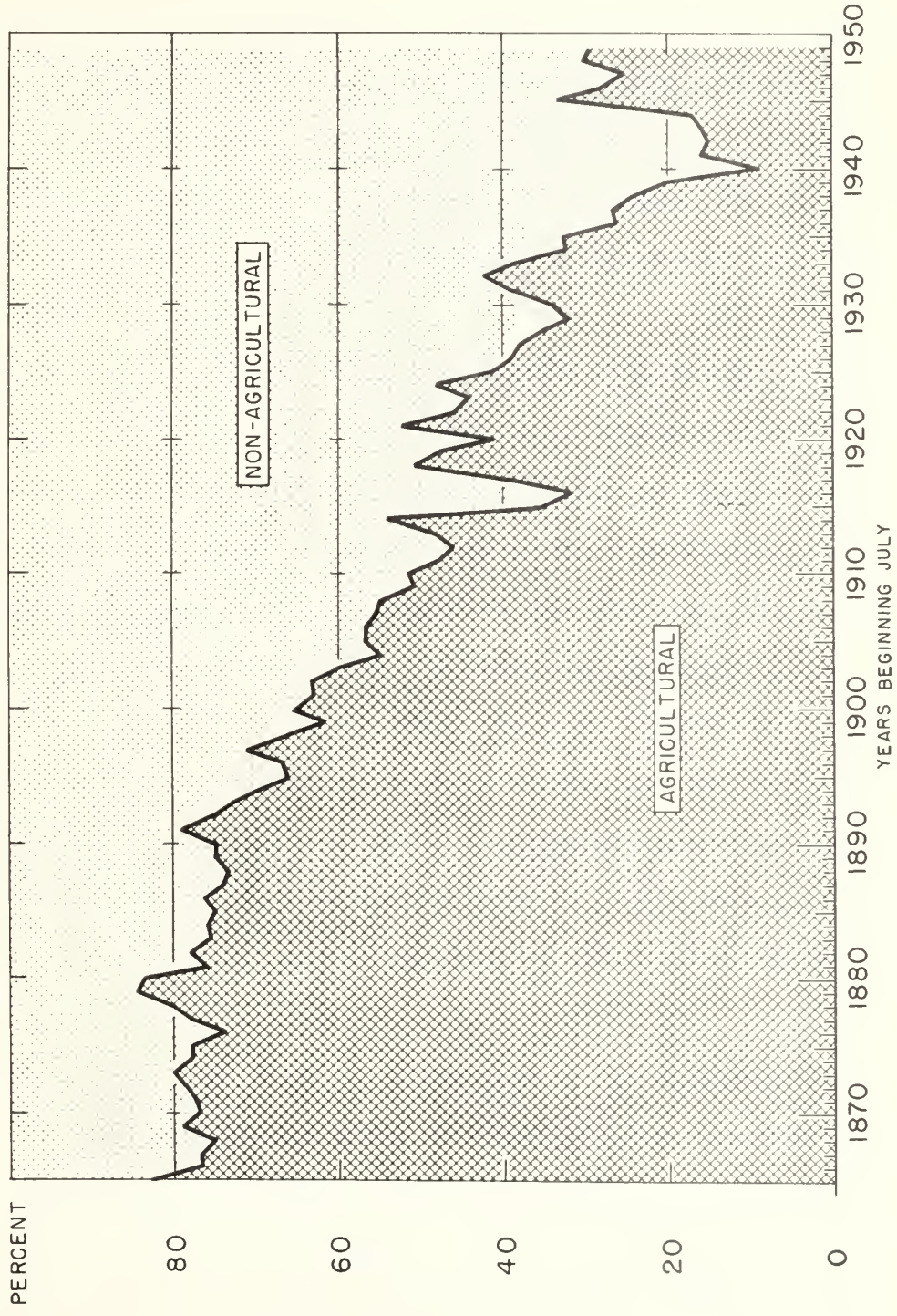
The long-time downward trend in the ratio of agricultural exports to total exports was caused mainly by the expanding production of the rapidly industrial development and the rising level of living in the United States as a result of which American farmers have found an increasing market for their products at home. On the other hand, foreign, fiber and tobacco export the countries, particularly those in western Europe, have developed areas for their supplies of such products, and have increased purchases of American products to industrial items in which we have a competitive advantage not enjoyed by American agriculture in comparison with other agricultural exporting countries.

a. Overall Agricultural exports in relation to domestic production, consumption and prices

The forces affecting agricultural exports from the United States have been varied and complex, but it is possible to select a few factors which have been some of the more important in recent years.

CHART - 4

VALUE OF AGRICULTURAL EXPORTS AS A PERCENTAGE OF TOTAL
DOMESTIC EXPORTS, UNITED STATES, 1865-1949



Among the most important are: the shifts in relationships between the production and prices of domestic and foreign agricultural products; the rapid industrialization and urbanization of the United States, which increased the size of the domestic market; the overall level of economic activity in the United States and foreign countries; and the outbreak of war.

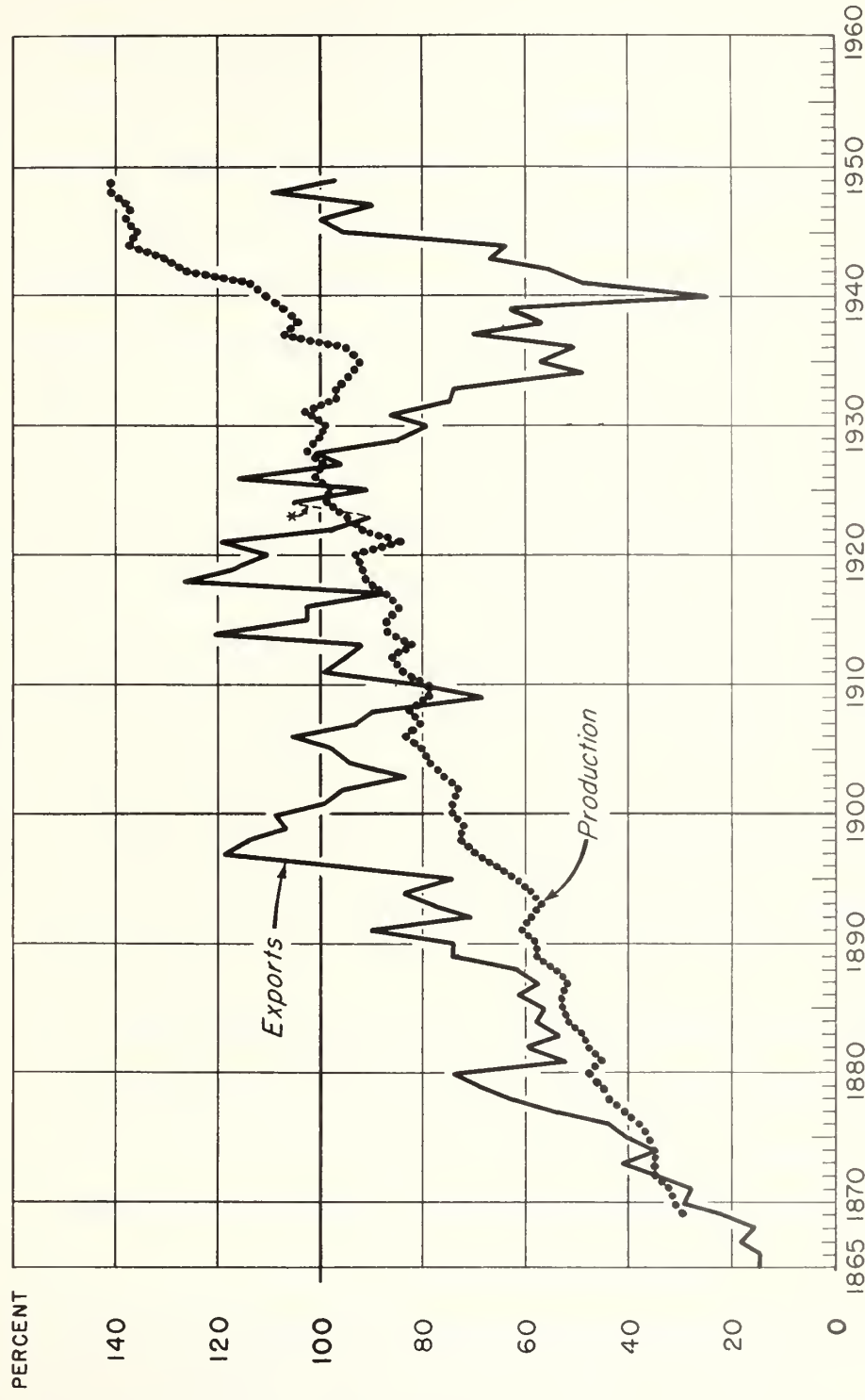
In the last 3 decades of the 19th century, the volume of agricultural exports rose 265 percent, compared with an increase of 140 percent in total agricultural production. This development is shown in Chart 5, where the volume of exports is shown in relation to production. Prices of farm products underwent a prolonged decline from the close of the Civil War until about 1895 and contributed to widespread agrarian unrest. However, because over the period as a whole the price decline was largely offset by a decline in the general cost of living, the real income of farmers that were not burdened with heavy mortgages appears to have been well maintained or even improved in this period. There were some violent fluctuations from year to year, in the real as well as the monetary farm income.

Agricultural production was stimulated by the application of machinery to farming, improved means of transportation, the freehomestead policy of the Federal Government, and a growing labor supply due in large part to a steady influx of immigrants. At the same time, the rise of large industrial populations, particularly in Europe, created a growing market for American agricultural output, and the surplus problem, in its present-day sense did not arise.

Although there is no series for prices paid by farmers prior to 1900, a fairly good indication can be obtained from movements in the wholesale prices of nonagricultural products and from changes in various cost-of-living indices.

VOLUME OF UNITED STATES AGRICULTURAL PRODUCTION AND AGRICULTURAL EXPORTS, 1865 - 1949

CALENDAR YEARS - 1924-29 = 100



* 1865-1923 - BASED ON 44 OF THE MOST IMPORTANT FARM PRODUCTS. 1924-1949 - BASED ON 74 CLASSES OF AGRICULTURAL EXPORTS WHICH AMOUNTS TO 96 PERCENT OF THE TOTAL VALUE OF AGRICULTURAL EXPORTS DURING THE BASE PERIOD.

The decline in the volume of agricultural exports from the end of the century to 1909, appreciable as it was, was more than offset by the stimulating effect of our population growth and rapid industrialization on domestic demand. And, since prices of farm products tended to increase both absolutely and relative to the cost of living, the value of agricultural exports was fairly well maintained. The result of these developments was a substantial improvement in real farm income.^{1/}

Conditions improved further in the five years 1909-1914 due to combined effect of the increasing volume of exports and the strength of domestic demand.

During the war and immediate postwar period the total of foreign and domestic demand for American farm products increased more rapidly than agricultural output. This and the general price inflation resulted in a rapid rise not only in the prices received by farmers, but also in the ratio of prices received to prices paid. As a result real farm income reached unprecedented heights in 1918-19.

In the interwar period farm income was unfavorably affected by the downward trend in the volume of agricultural exports and the upward trend in agricultural output.

Although agricultural exports were well maintained in the middle twenties, agriculture was beginning to lose ground. The ratio of prices received to prices paid averaged lower than prewar, the concept of burdensome surpluses of export crops appeared, and plans designed to obtain "equality for agriculture" began to receive nation-wide attention.

^{1/} Chart 2 shows the movement in farm prices since 1851 and the ratio of prices received to a Hansen's cost-of-living index for 1851-1909 and to the BAE index of prices paid by farmers for 1910-1950. The index of prices received by farmers consists of the Peterson series from 1851-1909 and the BAE series from 1910-1950. The use of the Peterson series of prices received and the Hansen cost-of-living index does not provide a completely satisfactory measure of the purchasing power of farm prices and is not to be taken as an official estimate.

and foreign markets shrunk seriously from 1929 to 1937. The volume of agricultural exports dropped to less than half of what it was during the previous 5 years, there was no expansion in the domestic market to take up the slack. On the contrary, the domestic economy slipped into a deep depression intensifying the adverse effects of the foreign conditions. Agricultural production, however, declined only slightly under these conditions. The ratio of prices received to prices paid fell sharply at present. To meet this situation, national programs of agricultural development were developed which had a definite bearing on the improvement of domestic and foreign agricultural exports.

The rapid or moderate recovery of agricultural exports corresponded with the appreciable rise in domestic consumption which resulted from a considerable recovery in economic activities. Agricultural production recovered to a level somewhat above the average for the late 1930s. These developments were not sufficient, however, to bring prices received by farmers to the level which prevailed prior to the economic crisis and the ratio of prices received to prices paid tended to remain somewhat below the predepression level. This was a period in which a new period of pessimism developed with regard to production and consumption of foreign markets and the permanent loss of a substantial portion of these markets was then widely accepted as inevitable.

April 1941 and its aftermath a slight change in situation. The domestic and foreign demand called for a greatly increased agricultural output with an export volume comparable with the output of the predepression period. The domestic demand for agricultural products was greatly increased by the war effort and the foreign demand for agricultural products was greatly increased by the war effort.

period. The increased output was absorbed even at sharply rising prices in the inflationary period following the close of World War II. The ratio of prices received by farmers to prices paid and the net income of farmers reached new peaks. For the first 9 months of 1950, the index of prices received averaged 251 compared with 197 in 1935-39; the ratio of prices received to prices paid was 99 compared with an average of 86 in 1935-39, and realized net income of farm operators totaled about \$1.7 billion dollars with an average of \$1.5 billion in 1935-39.

The expansion of agricultural exports during the war and post-war period was, of course, supported in a large degree by various foreign aid programs of the United States. The rising level of economic activity in this country, together with a marked increase in population, will tend to be a considerable measure to offset subsequent contractions in the export market on the condition, of course, that employment and national income remain high. However, even though an expanding domestic market probably will be the most important single factor in maintaining farm prices and incomes, a sizeable export market needs to be maintained for a variety of our principal farm products if the income of the producers of these commodities is to be continued at levels comparable to those reached during the war period and if painful adjustments in production are to be avoided.

U. S. Share in World Trade in Agricultural Products

The United States has traditionally been the world's largest producer of agricultural products. However, statistical measurement of the relative importance of this country in world agricultural trade is difficult for many of the selected years.



Estimates for the year 1929 indicate that United States agricultural exports accounted for about 13 percent of total world agricultural exports, which was nearly double the proportion accounted for by Argentina. Though no quantitative estimates are available it can reasonably be assumed that the United States share was considerably greater in earlier periods, particularly around the turn of the century and in the peak year of 1908-1.

From 1929 to 1937, the United States share of world exports of agricultural products dropped to about 9 percent of the world total. This was involved an absolute decline, as the total volume of world trade in agricultural products in 1937 was slightly lower than in 1929. Nevertheless, the United States continued to be the outstanding exporter of agricultural products. During the period 1933-34, United States agricultural exports averaged 10 percent of the world total compared with somewhat under 7 percent for Argentina.

During the same period, the United States was also an important importer of agricultural products (especially those of the tropics). It imported about 13 percent of all agricultural products entering international trade and was second only to the United Kingdom which characteristically imports over 25 percent of the total.

During the interwar period, the United States was not only becoming a less important supplier to the world market but also a residual supplier to the rest of the world. That is, many of the foreign countries were tending to look first to their domestic and colonial producers for their agricultural supplies and purchased heavily in the American market

only when these sources were inadequate. This development was fostered in a considerable degree by protectionist programs designed to achieve a high degree of self-sufficiency from home or colonial production. Thus in addition to a declining market, United States producers of agricultural export commodities were faced with considerable fluctuations in foreign demand, which rose sharply when agricultural production outside the United States was small and fell sharply when it was large.

During World War II, prewar trade patterns were disrupted. The United States continued, however, to export heavily, particularly to our allies. As a result, the United States increased its total volume of exports and substantially increased its share of world agricultural exports. After World War II, the dependence of importing countries on United States food supplies was great, and prolonged United States financial assistance facilitated the flow of United States food, fiber, and tobacco products to foreign countries during this period. With the easing of world supplies and the reestablishment of trade between other areas, the United States share of world exports has probably declined from wartime and post-war proportions. Nevertheless, on the basis of statistics for several leading commodities, it is likely that the United States share of total world exports is still above the prewar relationship.

Before World War II the United States supplied less than 1 percent of the bread grain (wheat and rye) moving in world trade; in 1939-40 it supplied 52 percent; in 1947-48, over 48 percent; and in 1948-49, over 50 percent. It is tentatively estimated that in 1949-50 the United States

supplied about 37 percent. The volume of world exports of grains and grain products, exclusive of rice, amounted to almost 37 million short tons in 1948-49, about 30 percent above the 1934-38 average.

The United States share of the world trade in fats and oils (vegetable and animal) has increased phenomenally under the impact of World War II and its aftermath. In 1948 the United States supplied 10 percent of world exports and in 1949 we supplied 12 percent. In the prewar period 1935-39 our share was 2 percent. Before the war this country was on a substantial net-import basis. Now it is on a net-export basis. The relative importance of the United States in world exports was magnified by the fact that in 1949 world exports of fats and oils, which totaled about 5 million short tons, were about 23 percent less than in 1935-39.

The United States has continued to be the leading tobacco exporting country. In 1949 United States tobacco exports comprised over 41 percent of the world total compared with over 44 percent in 1948 and over 47 percent in the 1935-39 period. That the United States share in world tobacco exports in 1949 was above its prewar share is especially notable because exports of unmanufactured tobacco from principal exporting countries were about 1.2 billion pounds in 1949 - about 7 percent above the 1935-39 average.

United States exports of cotton totaled about 41 percent of the world total in the five years before the war. Since the war the United States share has varied from 38 percent of the total in 1940-41 to about 43 percent in 1947-48 and 45 percent in 1948-49. In the last two years of the war world exports amounted to about 11 million bales - about 15 percent more than in 1940. It is estimated that our share in 1949-50 will be a net 41 percent.

Section 3. - Geographical Distribution of United States Agricultural Exports

Historically, the countries of Western Europe have provided the major part of the foreign market for United States agricultural products. This is shown in Table 1. In the period 1910-14, Europe accounted for more than 80 percent of United States agricultural exports. Even though that market contracted steadily during the interwar years, Europe continued to be our largest export outlet, accounting for about two-thirds of United States agricultural exports in the period 1934-38.

While the relative importance of the European market declined, that of Asia increased from 3.5 percent in 1910-14 to 16 percent of our agricultural exports in 1934-38. Most of this shift was accounted for by Japan. The relative importance of Canada also increased appreciably between these two periods.

The great distortion in the trade pattern brought about by World War II is shown in Chart 6 and Table 1. During the war there were the appropriate increases in the proportions of our agricultural exports going to the United Kingdom and to Eastern Europe, which were of course the result of our wartime food shipments to Britain and Russia. At the same time, exports to the present ERP countries on the continent of Europe and to Asia shrank to negligible proportions as the Nazis overran Europe and the Japanese pushed their conquest of Southeast Asia.

The geographic pattern of United States agricultural exports in 1945 shows certain superficial resemblances to that of the immediate postwar period. The proportion going to Europe in the latter years was 73 percent

Imports of Agricultural Products from Selected Countries 1930-1932

Country or Colonization	1929-30 %	1930-31 %	1931-32 = 1930-31		1932-33 %
			Percent	Payment	
United Kingdom	37.2	40.0	36.0	31.5	31.5
France 3/	20.2	14.0	15.3	7.8	20.2
Italy 3/	8.0	7.3	6.7	6.7	8.0
Belgium	4.2	6.1	5.7	3.9	7.7
Netherlands	4.6	4.7	4.5	3.3	7.7
Portugal	5/	0.2	0.4	0.0	0.1
Spain	1.9	2.0	1.8	1.2	1.9
Sweden	3.0	3.1	2.7	3.1	3.0
Denmark 2/	4/	0.2	0.5	1.9	1.4
Switzerland	1/	0.8	0.6	1.3	0.1
Austria	1/	0.7	0.7	0.0	1.2
Poland	1/	1.1	1.0	0.5	1.7
Czechoslovakia	1/	4/	0.6	1.2	0.0
Yugoslavia	1/	0.2	0.3	0.6	0.0
Romania	1/	0.2	0.4	0.4	1.0
Latvia 3/	1/	0.0	0.1	0.5	0.0
Estonia	0.0	0.0	0.0	0.0	0.0
Lithuania	0.0	0.0	0.0	0.0	0.0
Total Europe 2/	(37.0)	(71.5)	(56.4)	(35.7)	(51.3)
U.S.S.R.	12.0	1.0	1.0	0.7	1.0
Japan	1.0	0.8	0.2	0.0	1.0
Philippines	1/	1.4	1.3	0.3	1.0
Manila	4/	2.0	2.2	0.1	1.0
Formosa	4/	0.0	0.1	0.2	1.0
British India	4/	0.4	0.3	0.1	0.0
Total Latin America	(5.9)	(6.0)	(4.0)	(1.7)	(1.0)
Asia 2/	0.0	2.8	0.0	0.1	1.0
Oceanic 2/	2.5	0.1	0.0	0.0	0.0
Alaska Islands	1/	1/	1/	1/	1.0
Total Asia	(2.5)	(2.9)	(1.0)	(0.1)	(1.0)
Grand Total	1/	1/	1/	0.0	1.0
Grand Total	1/	1/	1/	0.0	1.0
Other countries	(1.1)	(1.1)	(1.3)	(1.3)	(1.0)
TOTAL ALL COUNTRIES	100.0	100.0	100.0	100.0	100.0

Value of agricultural
products exported to
the U.S.

in millions of dollars

1932-33 1,038.0 1,755.0 1,450.5 700.0

For period June 30 2/ Preliminary 3/ Data from Department of
Agriculture and 1932-33 4/ Includes not only those included in the
figures for 1932-33 5/ Includes Newfoundland and Labrador for
comparative purposes 6/ Includes Newfoundland and Labrador for
comparative purposes 7/ Includes Newfoundland and Labrador for
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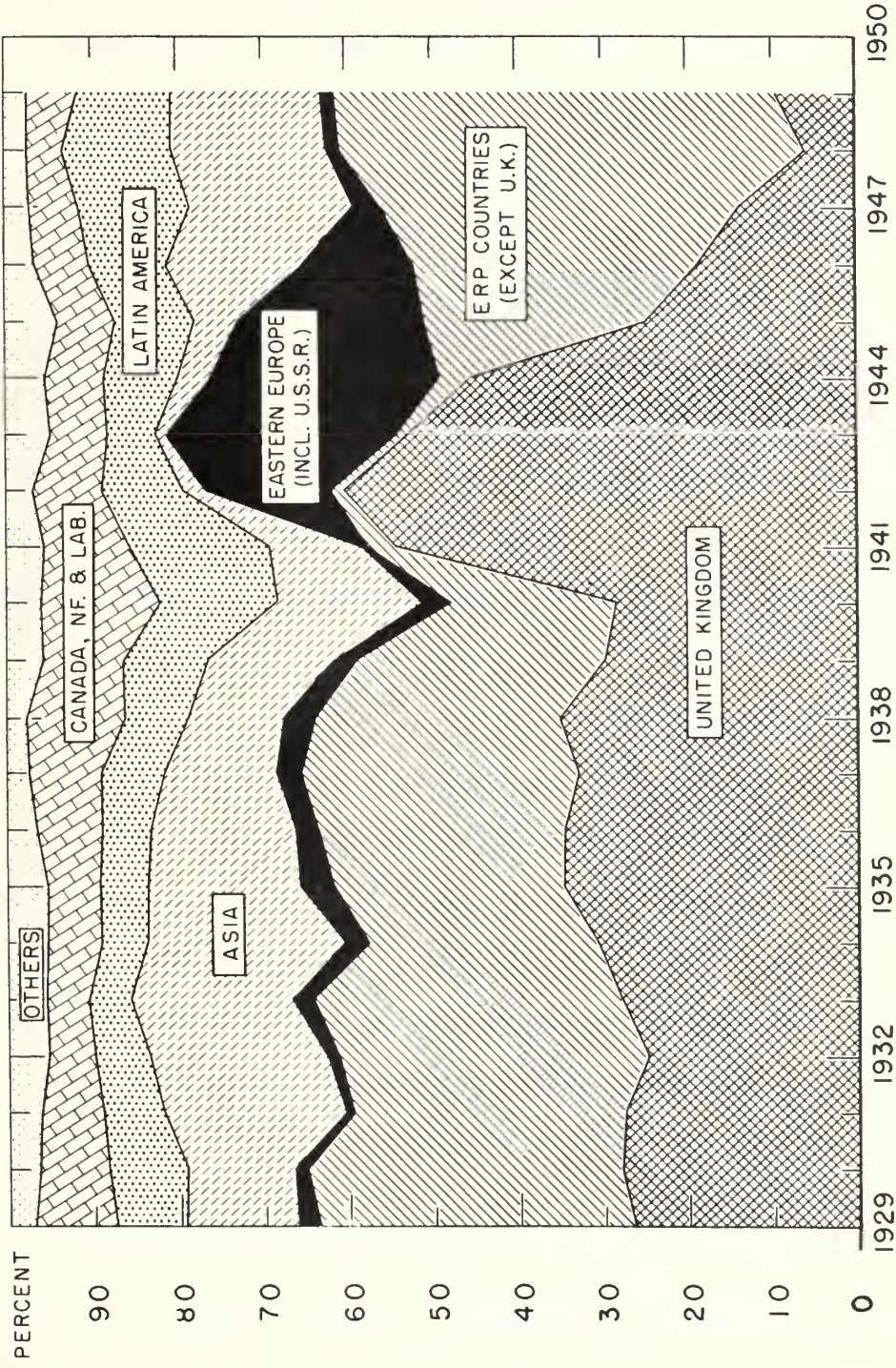
accounted with 67 percent in 1939-40, but within this area the share of the United Kingdom dropped to less than a third of prewar as Britain turned to non-dollar sources for her agricultural products; while the share going to countries on the Continent - particularly to Germany and Italy - has been swelled by very large food shipments under LSA and other assistance programs. The proportion of agricultural exports going to Asia was actually higher in 1948 than in the prewar period, but here a slight increase in exports to Japan, Korea, and the Philippines have to be very largely degrees been supported by United States financial assistance.

Canada's position as an exporter of American agricultural products has also been largely determined by the unusual international developments of the postwar period. Traditionally Canada has had an export surplus in its trade with Europe, the receipts from which were used to pay for the import surplus in its trade with the United States. When Canada found its dollar receipts from Europe shrinking in the postwar period, particularly in 1947, it had to restrict its imports from the United States. Subsequently, however, LSA financing, and led the United Kingdom to make large payments for dollars in Canada. This and more recently an improvement in Canada's financial position enabled the nation to relax its import restrictions, thus making possible approximately normal Canadian purchases of both agricultural and non-agricultural products from the United States. In 1949 Canada took about 6 percent of our agricultural exports. This compares with about 8 percent prewar.

Latin America is the only major area in which we have had a net export expanded for current use compared with prewar without the assistance of LSA or other programs.

CHART - 6

UNITED STATES DOMESTIC AGRICULTURAL EXPORTS PERCENTAGE DISTRIBUTION BY DESTINATION, 1929-49



Section 4 - Composition of agricultural exports and importance of principal commodity groups

Three categories of products--cotton, grains, and tobacco--usually account for two-thirds or more of our agricultural exports. Exception were the periods of the two world wars, during both of which exports of livestock products reached an importance far in excess of peacetime levels. Exports of horticultural products tended to increase up to the late 1930's when they amounted to 13.4 percent of total agricultural exports; after World War II their volume was reduced considerably by the impact of restrictions on imports from the U.S. that have been imposed by countries with balance-of-payments difficulties.

Cotton:- Cotton was the leading export product of United States Agriculture up to 1940. It accounted for one-half or more of our agricultural exports prior to World War I, and for 40 percent or more between 1923 and 1937. Cotton exports fell during both wars, but the decline in World War II was much sharper than in World War I. In 1944 exports of cotton dropped to only 6 percent of total agricultural exports. Since then the trend has been upward. In the fiscal year 1949/50 cotton comprised about 30 percent of our total agricultural exports and in value ranked second only to exports of grains and grain preparations.

American cotton producers always have depended upon foreign markets as an outlet for a large part of their production. In the 5 years before World War I two-thirds of the cotton crop of the United States was exported, or about 8.8 million bales. Thereafter, the exported portion of our cotton crop declined. In the latter 20's it amounted to about 60 percent (8.8 million bales); in the early 30's about 55 percent (8.0 million bales); and in the late 30's about 42 percent (5.3 million). This decline was caused largely by rising competition abroad. The shrinkage in

Table 2.—Percentage of certain agricultural crops and products exported from the United States, selected periods, 1909/10-1914/15

	A v e r a g e						1909/10	1914/15
	1909/10	1924/25	1929/30	1934/35	1942/43	1943/44		
	1913/14	1923/24	1933/34	1941/42	1944/45	1947/48		
	Percent	Percent	Percent	Percent	Percent	Percent		
Wheat	15.7	21.5	10.9	8.4	7.3	34.7	2.2	2.1
Corn	1.6	0.5	0.3	1.7	0.4	1.9	1.2	1.1
Rice	4.8	25.2	18.6	13.4	24.6	43.5	2.5	2.4
Cotton	3/67.8	38.6	55.8	42.0	11.6	32.5	32.9	32.9
Tobacco	42.0	43.0	38.2	35.9	26.1	26.3	4.0	4.0
Apples	5.7	11.7	13.1	12.4	2.4	4.0	7.4	7.4
Oranges	5/	12.7	19.6	17.6	3.4	6.6	2.5	2.5
Peaches	6/1.4	4.5	5.9	4.0	4.7	3.6	2.7	2.7
Apricots	6/47.8	37.2	37.9	37.8	18.2	12.2	5.4	5.4
Almonds and other fruit	6.6	8.1	7.2	3.1	9.8	9.5	7.5	7.5
Raisins	13.7	30.5	30.1	30.1	32.7	34.1	2.4	2.4
Fruit and berries	48.3	40.6	37.3	31.6	20.8	29.4	27.2	27.2
Other fruits	3.3	5.9	1.0	0.9	15.1	11.2	0.7	0.7
Vegetables								
Green beans	0.1	0.1	0.1	0.3	0.9	1.0	7.9	7.9
Canned	-	1.8	1.2	1.0	3.2	3.0	1.1	1.1
Others	-	-	-	12/7.5	1.5	4.4	1.7	1.7
Tomatoes	2.2	0.2	0.5	0.1	1.0	12.7	2.7	2.7
Cucumbers	-	-	-	4.3	1.2	1.5	1.1	1.1
Peas	24/30.8	44.5	17.8	13.2	12.7	23.5	12.2	12.2
Turnips	54.0	47.7	49.3	41.0	10.0	17.1	1.7	1.7
Other	60.6	57.9	52.2	43.6	22.5	25.2	1.7	1.7

1/ Reports for fiscal years except where noted.

2/ Preliminary.

3/ Includes linters.

4/ Reports for fiscal years 1909/10-1913/14. For crop years beginning with 1909/10.

5/ Reported in value only prior to July 1, 1922.

6/ Reports of dried fruit only during 1909/10-1913/14.

7/ Crop year beginning November 1.

8/ Crop year beginning September 1 (raisins include current beginning January 1).

9/ Reports consist mostly of dried prunes. Prune production is about 15 percent of total plum and prune production.

10/ Crop year beginning September 1. Includes dry peas during 1909/10-1913/14 only.

11/ Calendar years, 1913-14, etc. Export data for canned vegetables not available prior to 1922.

12/ Export statistics not available prior to 1925.

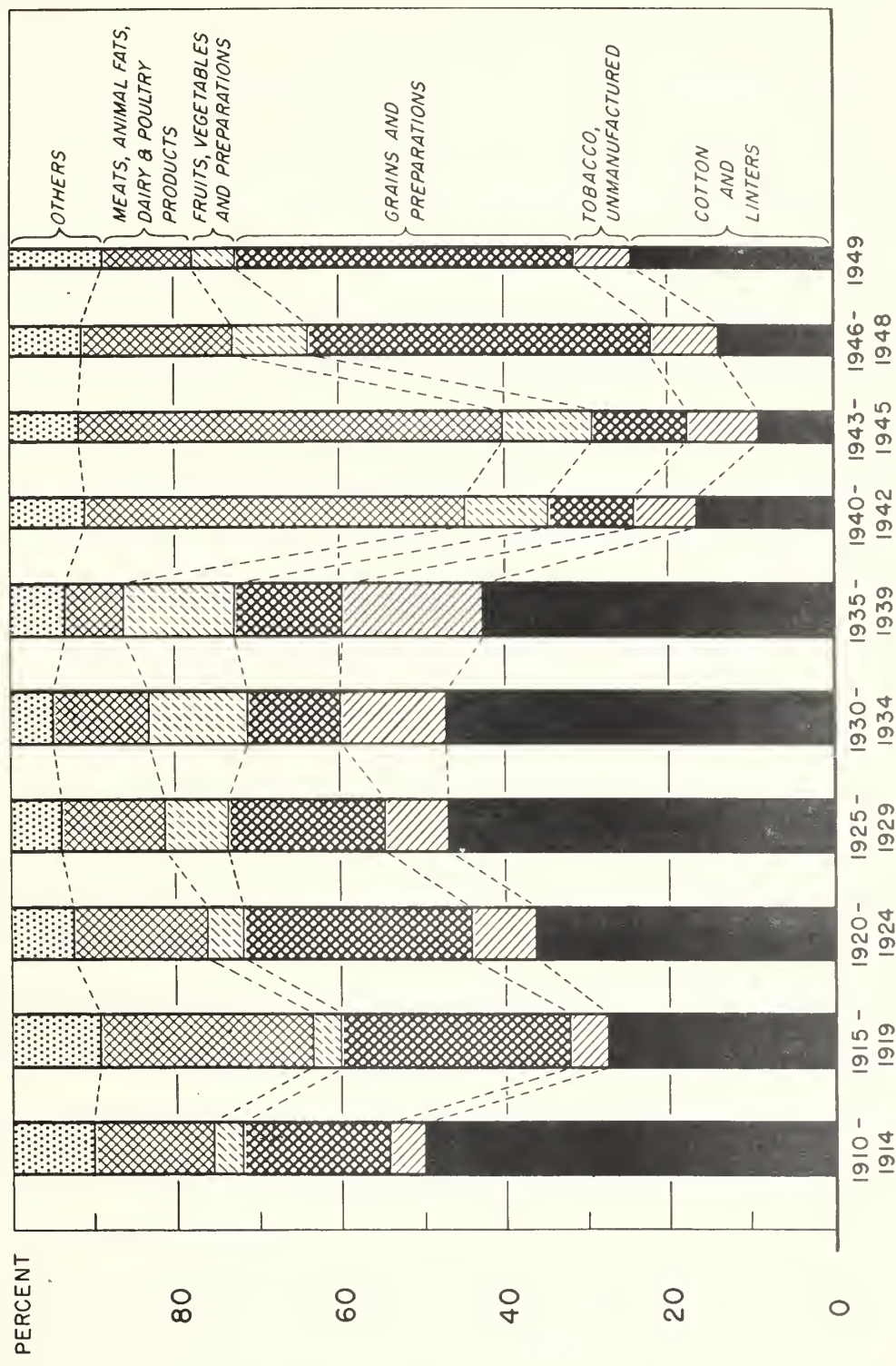
13/ Crop year beginning October 1. Export data not available prior to 1925.

14/ Average 1910/11-1913/14.

15/ Crop year beginning April 1.

Office of Foreign Agricultural Relations

PERCENTAGE PRINCIPAL GROUPS OF AGRICULTURAL EXPORTS WERE OF
TOTAL UNITED STATES AGRICULTURAL EXPORTS, 1910 - 1949



the foreign market for U.S. cotton was only partially absorbed by increased domestic cotton consumption and despite acreage restrictions large stocks bought under the price support program piled up in government hands.

Under the impact of the emergency food demand caused by World War II and its aftermath, acreage was shifted from cotton to other crops, especially peanuts and wheat. With the gradual disappearance of that emergency cotton acreage reexpanded and cotton exports in 1949/50 totaled about 6.0 million bales (or about one-third of the 1949 crop). Then, however, the situation changed rapidly. A sharp reduction in acreage and low yield reduced the 1950 crop to 9.9 million bales (according to the November 1950 estimate); domestic and foreign demand increased under the impact of the Korean crisis, and on October 10, 1950, export controls on cotton were imposed in order to assure adequate supplies for domestic use.

With the return of more normal conditions, securing foreign outlets will become the main problem in cotton marketing. To what extent it may be possible in the future to maintain large markets abroad will depend partly upon the development of the dollar position of the cotton-importing countries and partly upon the intensity of price competition between United States and foreign-grown cottons, and between cotton and synthetic fibers.

Grains and grain preparations: United States exports of grains have fluctuated greatly, due to the influence of a variety of divergent factors such as production development, droughts, war emergencies, and self-sufficiency measures abroad.

By value, exports of grains and preparations held second place up to World War II and the first place thus far after World War II. They accounted for about 13 percent of all agricultural exports from 1910 to 1914, and for from one-quarter to one-third of all agricultural exports during and immediately after World War I. They contracted somewhat thereafter but remained above prewar in the middle and late 20's.

At the beginning of the 30's grain exports shrank under the impact of self-sufficiency policies adopted by importing countries. In 1934-35 the principal component of our grain export trade, wheat and wheat flour, also were adversely affected by droughts and reached their lowest level since 1866/67. In the late 30's better United States crops and increased purchases by a Europe preparing for war resulted in a reexpansion of U.S. grain exports but, in terms of value, they averaged only about one-half those of the late 20's.

In contrast with World War I, grain exports remained small during most of World War II largely because much of Western Europe was cut off from trade with the United States. With the liberation of Europe grain exports reexpanded. From 1944 on they exceeded, in value, exports of cotton as well as other major categories of agricultural exports. In the fiscal year 1947/48 grain exports reached an all-time high and in terms of value amounted to nearly 50 percent of total agricultural exports. Thereafter, improvements in the foreign supply situation caused a new decline in the absolute and relative importance of grain exports. That trend may continue if the foreign supply situation should further improve. In 1949/50, however, grain exports still accounted for about one-third of total agricultural exports. That was more than in any peacetime year prior to World War II.

The importance of the foreign market for domestic grain producers has varied widely from year to year, and has differed greatly from product to product. While only a comparatively small percentage of domestic production of corn and other coarse grains is usually exported, wheat and rice producers are dependent on foreign markets to a considerable extent.

Wheat:- An average of nearly 16 percent (107 million bushels of our including wheat flour on a grain basis, wheat crop) was exported in the 5 years preceding World War I, 23 percent in the later 20's (172 million bushels), and between 35 and 39 percent

(388 to 505 million bushels) in the first 4 crop years following World War II. In 1949/50 exports amounted to 304 million bushels, or about 27 percent of the crop.

Rice:- Rice exports first became important during World War I. Since that time we have been a net exporter of rice except for two fiscal years. From a peak of about 877 million pounds (rough basis) in 1921/22, rice exports fell sharply for 4 years and then rose to 63.6 million pounds in 1928/29. They experienced a sharp decline in the early and mid-30's, and the United States was a net importer of rice in 1936; but beginning with 1937 they increased again and averaged nearly 22 percent of the crop (517 million pounds) for the rest of that decade. During World War II exports increased to about 25 percent of production, and averaged about 77 million pounds. Between the end of the war and 1949/50 they fluctuated between 24 and 36 percent of production. In 1949/50 they amounted to over 43 percent of production (1,738 million pounds).

Tobacco, unmanufactured:- In value tobacco exports generally ranked behind those of cotton and grain from the turn of the century to World War II, although they were somewhat more stable. Exports grew from an average of about 325 million pounds, export weight basis, in 1900-1904, to about 510 million pounds in 1925-1929, and then declined to about 430 million pounds in the five years prior to World War II. During these four decades total domestic output increased from about 910 million pounds in 1900-1904 to 1,460 million pounds in 1934-1938. Exports (adjusted to a farm sales weight basis) shrank from about 40 percent of production to only 32 percent of production during the same period. Exports dropped sharply early in World War II as traditional markets were cut off or restricted their purchases in favor of more "essential" goods. Exports

accounted for one-eighth of United States production at that time. As the war progressed, however, exports increased somewhat. They rose sharply immediately after the war as foreign countries built up their war-depleted stocks. In 1949/50 the United States exported 592 million pounds of tobacco, export weight basis, and the tobacco crop reached an all-time high of 2,322 million pounds, farm sales weight. In 1949/50 about 450 million pounds of tobacco were exported; this was equivalent to 27 percent of the crop produced in that season.

The fluctuations in the proportion of tobacco exports as related to total agricultural exports are more dependent on changes in the size of the latter than of the former. In the period from 1935-1939, when total agricultural exports were comparatively small, tobacco exports reached a high of 17 percent. In the post-World War II period when the value of total agricultural exports was high, the share of tobacco exports amounted to only 6 to 8 percent although they were somewhat larger in quantity than in the five years preceding World War II. Exports would have been even larger in recent years had it not been for trade restrictions abroad. The extent to which such restrictions continue in force will play an important part in the future development of our foreign tobacco markets.

Horticultural products

Exports of fruits and vegetables showed a consistent tendency to increase in quantity and value until 1928/29 when the quantity of fruits exported was nearly four times the pre-World War I level. This group of products showed a noticeable resistance to the effect of the depression of the early 1930's. In the five-year period 1930-34, the value remained, on an annual average, about as high as in the corresponding period of the 1920's and the volume exported nearly doubled. The relative importance

of horticultural products was greatest in the period 1935-39 when they provided over 15 percent of United States agricultural exports on a value basis. In 1946 the volume of fruits exported nearly equaled the 1920-29 level, but thereafter it has declined, partly due to discriminatory trade restrictions abroad. The value of horticultural exports in the postwar period was high, due to the higher price level, but their share of total agricultural exports in 1949 was only 5 percent compared with 13 percent prewar.

Dried fruits:- Of the various types of horticultural products dried fruits have been particularly dependent on foreign outlets as a market for the excess of domestic production over domestic demand. Exports of dried prunes, for example, absorbed nearly 45 percent of the domestic prune production in the five crop years preceding World War I. In the inter-war period exports fluctuated at a level over twice the 1910-14 average and provided an outlet for from 34 to 49 percent of the crop. After having averaged less than 24 percent during World War I, and about 28 percent in the first two postwar years, dried prune exports increased and averaged nearly 45 percent of production in the fiscal years 1947/48 and 1948/49 and nearly 35 percent in 1949/50.

In the case of apricots, of which nearly half the crop was sold abroad before World War I, the foreign market continued to absorb, on an average, about 26 percent in the inter-war period. Then it declined in importance until in recent years it absorbed less than 10 percent. In 1949/50 about 8 percent of the crop was exported. About four-fifths of the exports (in terms of fresh fruit) were usually dried apricots.

Fresh fruits:- In the case of fresh fruits, dependence on foreign markets varies from kind to kind. Among the deciduous fruits, apples and pears enjoyed large foreign markets before the last war. On an average

One-eighth of the apple crop was exported in the 1930's, but fell to one-fifth of the pear crop. During the war these exports dropped sharply. After a temporary increase in the fiscal year 1946/47, they were most severely curtailed by discriminatory import restrictions of many countries. In 1949/50 only 2.5 percent each of our apple and pear crops were exported.

Citrus fruit exports were comparatively less important than those of apples and pears in the inter-war period, but they were better maintained after World War II. Exports of oranges, the most important item in this category, averaged about 6 percent of the crop before World War II. In the postwar period exports have been substantially larger in quantity than in the five years preceding World War II. Domestic production, however, has increased even more. As a result, exports have accounted for only 4 to 7 percent of the domestic crop. Grapefruit exports also are about prewar levels. Exports of lemons, however, are smaller than before the war although production has averaged higher in the postwar period.

Canned fruits: Exports of canned fruits, which had been comparatively important before the war and in 1938 had reached the highest level on record (nearly 350 million pounds), dropped to about 5 percent of that quantity in 1945. They have since been rather unstable. In their first post-World War II year, 1946/47, they reached about 60 percent of their inter-war peak, then dropped again sharply to only 22 percent of that peak in 1948/49. Canned fruit exports have been most severely affected by import restrictions of foreign countries which usually classify them as luxury products.

Vegetables: Vegetable exports have in the overall accounted for only a small percentage of domestic production. Exports of 194 million

pounds of fresh vegetables in 1946 was about 1 percent of the crop. In the same year 333 million pounds of canned vegetables were exported, or over 4 percent of the quantity canned. These quantities were over 5 and 8 times the prewar volumes respectively. After 1946 exports of fresh and canned vegetables declined but not to the prewar levels. In the case of some products exports have reached considerable importance, especially during and after World War II. Dry bean exports rose from about 1 percent of the crop in the 1930's, to about 27 percent during World War II. Since the war, exports have been unsteady. A postwar high of over 150 million pounds or 17 percent of the crop was reached in 1947/48. Exports of dry peas increased from less than 30 million pounds in 1938/39 to over 580 million pounds in 1944/45, or over 70 percent of the crop. They then declined gradually to 64 million in 1949/50 and less than one-fifth of production.

Livestock products

Exports of livestock products (including meats, animal fats and dairy and poultry products) have been much more unsteady than those of most of our other agricultural products. They increased sharply, both in absolute quantity and in relation to other agricultural export products, during the two world wars. During World War I they rose from about one-eighth to about one-fifth of total agricultural exports. In the late 30's they declined, on an average, to only about one-fiftieth of that total. In World War II exports of livestock products expanded even more than in World War I. During 1943-1945 they averaged 480 million dollars annually or more than 50 percent of total agricultural exports. They shrank rapidly in the following years, amounting to less than 15 percent of total agricultural exports in 1947/48, to only about 11 percent in 1948/49, and to about 10 percent in 1949/50.

Meats:- During World War I exports of meat and meat products expanded to an average level of 6 times their prewar value but then contracted to only 40 percent of their pre-World War I level in the late 30's. They reached near record levels again during the latter part of World War II but in 1949/50, despite substantially higher prices, were less in value than in the years preceding World War I. A strong domestic demand has been the main reason for the downward trend in their peacetime exports.

Lard:- As distinct from meats, lard is a product of which the United States normally has a considerable exportable surplus. Even so, exports declined from the all-time high of 1 billion pounds in 1923/24 to a level of around 200 million pounds in the late 30's. This was due in part to increased domestic outlets and in part to deterioration of the foreign market. The war brought an increase of lard exports to about 85 percent of their record level. The postwar period brought a considerable decline. Exports in recent years, however, still exceeded prewar exports by about 140 percent.

Dairy products:- Exports of cheese generally have been important only during war periods, amounting to 12 percent of production during World War I and 21 percent during World War II. Since the last war, however, exports have held up fairly well; in 1949 they amounted to about 3 percent of the record production. Very little butter has been exported except during World War II when exports averaged about 4 percent of production. Other important dairy exports are canned and dried milk. Over a half billion pounds or 15 percent of evaporated milk production was exported during the last war and over 30 percent in 1946. By 1949 exports had declined to 250 million pounds and amounted to less than

percent of production. About 7 percent of condensed milk production was exported in 1949. During the war 30 percent of dried whole milk production was shipped abroad; the percentage has been higher since the war and was 62 percent in 1949 when over 81 million pounds were exported.

Eggs and egg products:- Exports of eggs and egg products were not important until 1940/41, never having exceeded 1 million dollars in value up to that time, and representing .4 percent or less of total agricultural exports. During the war, exports of dried eggs increased greatly under the Lend-Lease program so that by fiscal year 1943/44, exports of eggs and egg products exceeded 325 million dollars. For the period 1943/45 they accounted for about 12 percent of total agricultural exports. After the war, however, exports of these products declined and in 1949/50 amounted to only 22 million dollars. Of this quantity 58 percent were dried eggs, 39 percent were shell eggs, and the remainder was frozen and otherwise prepared.

Other agricultural exports:

Other agricultural exports not included in the five major groups discussed above have totaled from 5 to 16 percent of total agricultural exports on a value basis during the last 39 years. About half of the items in this "other" group are oilseeds and vegetable oils, especially in the later years. Also included are live animals, hides and skins, feeds and fodders, hops, nuts, field and garden seeds, sugar and related products, and miscellaneous products. Certain individual items deserve consideration in view of their importance.

Soybeans and soybean oil:- Soybeans have assumed importance in recent years as an export crop. In the prewar period about 4 percent of the crop was exported. After World War II fewer soybeans were exported

until 1948/49 and 1949/50 when exports were equal to over 10 percent of production. Until the late 30's the United States was usually on a self-sufficiency basis for soybean oil. However, during the recent war, when the U.S. was cut off from many important sources of supply, imports were negligible and exports amounted to about 5 percent of the oil production of the United States. In 1949/50 285 million pounds of oil or nearly 10 percent of oil production went abroad.

Peanuts and peanut oil: Peanuts have not been exported in large quantities in past periods, but since World War II exports to Europe, principally for oil extraction, have been large. In 1948/49 about 30 percent of the crop was exported, but in 1949/50 only about one-eighth of the crop was exported. Exports of peanut oil were never of great importance until 1948/49 when over 30 percent of the oil produced was exported. In 1949/50 shipments to foreign countries were equivalent to over one-third of United States oil production.

Cottonseed and cottonseed oil: Almost no cottonseed is exported from the United States, but exports of cottonseed oil have been significant in the past. From 1909/10 to 1913/14 exports were in the neighborhood of from 100 to 200 million pounds annually and amounted to from 12 to 20 percent of total oil production. During the 1920's cottonseed oil exports were not as large, amounting to from 2 to 9 percent of production. In the late 1930's they fell as low as 1 million pounds annually, or about 1 percent of production. Exports increased slightly during World War II and afterwards and in 1949/50 exceeded 146 million pounds--nearly 10 percent of production.

Naval stores:- This group of products is not included in the figures for total agricultural exports, but is classified under forest products. Naval stores were dependent upon foreign markets for disposal of about half of the production before 1930. During World War II only about one-sixth of turpentine production was shipped abroad, but in 1949/50 about 25 percent was exported. During and since the last war about one-fourth of the resin produced has been exported, although before 1937 one-half the annual production was normally sold abroad.

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